

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 EUR-12 ISO-00 NEA-10 FEA-01 ERDA-05

AID-05 CEA-01 CIAE-00 COME-00 DODE-00 FPC-01 H-01

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07

PA-01 PRS-01 /122 W

-----291123Z 047892 /21

R 291013Z APR 77

FM AMEMBASSY NDJAMENA

TO SECSTATE WASHDC 3916

INFO AMEMBASSY BANGUI

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY NIAMEY

AMEMBASSY PARIS

AMEMBASSY YAOUNDE

C O N F I D E N T I A L SECTION 1 OF 2 NDJAMENA 1433

E.O. 11652: GDS

TAGS: ENRG, EINV, CD

SUBJ: PETROLEUM EXPLORATION IN CHAD: STATUS REPORT

REF: N'DJAMENA 1976 A-45, NDJAMENA A-001

1. INTRODUCTION: WHILE MOST OF THE FACTUAL INFORMATION IN THIS SUMMARY IS IN THE PUBLIC DOMAIN, THE REPORT INCLUDES THE PERSONAL OPINIONS OF SENIOR OFFICERS OF CONOCO/CHAD WHICH WERE MADE AVAILABLE TO THE EMBASSY ON A PERSONAL BASIS AND SHOULD NOT BE REFERRED TO IN DISCUSSIONS WITH OFFICIALS OF OTHER GOVERNMENTS OR OTHER MEMBERS OF THE CONSORTIUM.

2. SUMMARY: CONOCO/CHAD IS A CONSORTIUM OF SHELL, CHEVRON, CONTINENTAL OIL, AND EXXON. EXXON IS NOT STRESSING ITS PARTICIPATION AS IT HAS DELICATE SITUATION IN NIGER. EXPLORATION HAS DISCOVERED ENOUGH PETROLEUM TO MEET MOST OF
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CHAD'S INTERNAL NEEDS. HOWEVER, ANY EXPORTATION WILL BE AT A MINIMUM OF 3 TO 5 YEARS, IF AT ALL, DUE TO THE AMOUNT OF RESERVES REQUIRED TO MAKE A PIPELINE PROFITABLE GIVEN CHAD'S DISTANCE FROM THE SEA. THE MINI-REFINERY IS PLANNED AND WIDELY DISCUSSED, BUT THERE IS DISSATISFACTION IN THE GOVERNMENT AT THE APPARENT LACK OF PROGRESS IN THIS PROJECT. END SUMMARY.

3. CONOCO CONCESSION IN CHAD. CONTINENTAL OIL COMPANY IS PROCEEDING IN ITS SECOND OF THREE 5-YEAR EXPLORATION PERMITS. THE CONSORTIUM NOW HAS APPROXIMATELY 37 PERCENT OF THE ORIGINAL ACERAGE AFTER RELINQUISHING 25 PERCENT IN 1971 AND 50 PERCENT OF THE REMAINING AREA IN 1974. ALTHOUGH CONOCO WAS REQUIRED TO SPEND ONLY DOLLARS 5.6 MILLION DURING EACH 5-YEAR PERIOD, TOTAL SPENDING THROUGH APRIL 1977 IS APPROXIMATELY DOLLARS 65 MILLION. CONTINENTAL OIL IS STILL THE OPERATING PARTNER, ALTHOUGH IT HOLDS ONLY 12-1/2 PERCENT OF THE INTEREST. SHELL, WITH 50 PERCENT IS THE LARGEST MEMBER OF THE CONSORTIUM, FOLLOWED BY CHEVRON (25 PERCENT) AND EXXON (ESSO) WITH 12-1/2 PERCENT. THERE IS SPECULATION THAT EXXON WILL ASSUME OPERATIONS AT A LATER DATE, BUT THIS IS OFFICIALLY DENIED BY CONOCO/CHAD.

4. DRILLING RESULTS. FIFTEEN WELLS HAVE BEEN DRILLED TO DATE, WITH THE FOLLOWING RESULTS:

SOUTH	DATE	DEPTH	RESULTS
DOBA 1	1974	14,000 FT.	FRESH WATER
NARAMAY 1	1974	8,516 FT.	FRESH WATER
MIANDOU 1	1975	11,715 FT.	OIL: 900 BARRELS/DAY (BD), 1660 BD PUMPING; 50 MILLION BARRELS ESTIMATED RESERVE.
MIANDOU 2	1975	6,250 FT.	FRESH WATER

NORTH	DATE	DEPTH	RESULTS
KANEM 1	1974	12,225 FT.	OIL: 500 BD (2000 BD PUMPING) 150 MILLION BARRELS ESTIMATED RESERVE.
KOSAKI 1	1974	10,870 FT.	FRESH WATER

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KANEM 2	1975	7,116 FT.	NO TESTS
SEDIGI 1	1975	12,079 FT.	OIL AND CONDENSATE: 8000 BD; 300 MILLION BARRELS ESTIMATED RESERVE.

ABOVE INFORMATION PREVIOUSLY REPORTED. FOLLOWING INFORMATION NEW.

SEDIGI 2	1976	11,400 FT.	OIL: SIGNIFICANT BUT STILL UNESTIMATED QUANTITY.
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WELLS	PLANNED	SPUDDED	PLUGGED & ACTUAL
DEPTH	MO/DAY/YR	ABANDONED	DEPTH
LARGO	11,000	4/13/76	7/16/76 12,604
RESULTS: DRY HOLE			

KUNE # 1	11,000	7/23/76	10/4/76 14,017
RESULTS: OIL SIGNS. NO ESTIMATE AS YET ON RESERVES.			

NERGE	5,300	10/12/76	10/26/76 5,599
RESULTS: DRY HOLE			

KOME # 1 N/A 11/25/76 1/21/77 10,222

RESULTS: TESTED OIL. NO ESTIMATE AS YET ON RESERVES.

DAMALLA N/A 1/27/77 2/24/77 9,023

RESULTS: DRY HOLE

KEDENI 12,000 3/18/77 #5/15/77 #9,070

REULSTS: # STILL DRILLING. (SLIGHT SIGNS OF OIL)

UPON COMPLETION OF KEDENI, CONOCO INTENDS TO RESUME
OPERATIONS AT SEDIGI DURING THE WET SEASON.

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5. GENERAL INFORMATION ON THE PETROLEUM FOUND IN CHAD:
THE OIL DISCOVERED IN CHAD HAS BEEN RECENT, USUALLY OF THE
CRETACEOUS OR AGLIOCENE AGE. MIANDOUM # 1 AND KANEM HAVE
PRODUCED HIGH SPECIFIC GRAVITY, LOW API (19-25), THICK VISCOUS
OIL, WITH LITTLE DISTILLATE CONTENT. SEDIGI #1 AND #2 ARE LOW
SPECIFIC GRAVITY, HIGH API (47-53) HIGH DISTILLATE CONTENT, LIGHT
WEIGHT OIL WITH A HIGH DISSOLVED GAS CONTENT. THE HIGH GAS
CONTENT FACILITATES A FLOW RATE OF 3200 BBL/DAY BUT BECAUSE OF
A LACK OF PIPELINE FACILITIES THIS GAS WILL HAVE TO BE FLARED.
SEDIGI IS A COMPLEX FIELD WITH AT LEAST TEN DIFFERENT LAYERS OF

PETROLEUM. IT WOULD BE BETTER IF THE FIELD WERE ONE LARGE POOL.

6. AMOUNT OF RESERVES IN DISPUTE: SOME SOURCES HAVE PUT RESERVES THUS FAR PROVEN AT BETWEEN 300 - 600 MILLION BBLs WITH 500 MILLION BBLs BEING A GENERALLY ACCEPTED FIGURE. THESE SOURCES ESTIMATE ONE BILLION BBLs OF RESERVE WILL BE NEEDED BEFORE EXPORTATION BY A PIPELINE COULD BE FEASIBLE. THE MORE CONFIDENTIAL

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PESSIMISTIC VIEW HELD BY THE EXPLORATION DIVISION OF CONOCO IS BASED ON RECOVERABLE RESERVES; RECOVERABLE RESERVES BEING THAT PETROLEUM WHICH CAN ACTUALLY BE GOTTEN OUT OF THE GROUND. THE FIGURE GIVEN FOR RECOVERABLE RESERVES IS 180 - 240 MILLION BBLs. TO RECOVER ANY MORE WOULD REQUIRE PROHIBITIVELY EXPENSIVE PROCESSES SUCH AS WATER OR STEAM INJECTION. IT IS NOT UNUSUAL TO HAVE RECOVERABLE RESERVES PLACED AT ONE-THIRD TO ONE-HALF OF TOTAL RESERVES. EXPLORATION DIVISION SAYS THAT ONE BILLION BBLs RECOVERABLE RESERVE WILL BE NECESSARY BEFORE EXPORTATION IS FEASIBLE. IT SHOULD BE NOTED, HOWEVER, THAT EXPLORATION IS TRADITIONALLY A PESSIMISTIC SOURCE CONCERNING PETROLEUM RESERVES AND PUBLIC RELATIONS IS TRADITIONALLY OPTIMISTIC ON THIS SUBJECT.

7. POSSIBILITIES FOR EXPORT: A PIPELINE FROM THE SEDIGI FIELD TO THE ATLANTIC WOULD COST ABOUT DOLLARS ONE BILLION. A PIPELINE FROM DOBA AREA FIELD WOULD COST APPROXIMATELY DOLLARS 500 MILLION. PIPELINE ROUTE SPECULATION IS STILL CENTERED ON THE CAMEROON ROUTE TO DOUALA. POLITICAL CONSIDERATION AND COST MAKE THE LIBYAN ROUTE UNFEASIBLE AND WHILE A FUTURE REFINERY IN NORTHERN NIGERIA WOULD BE CLOSER, CONOCO PREFERS THE CAMEROONIAN ROUTE AT MOMENT.

8. MINI-REFINERY FOR DOMESTIC USE: A SEPARATE COMPANY IS BEING FORMED FOR THE MINI-REFINERY CONSISTING OF THE MEMBERS OF THE CONSORTIUM AND THE CHADIAN GOVERNMENT. THIS TAPPING UNIT COULD PROVIDE OVER 60 PERCENT OF CHAD'S DOMESTIC NEEDS. TALKS HAVE BEEN HELD IN LONDON BETWEEN THE CONSORTIUM AND OPIC CONCERNING FINANCING OF THE PROJECT. THE ROUTE NOW PLANNED WOULD USE A PIPELINE FROM SEDIGI TO LAKE CHAD, BARGES ACROSS THE LAKE AND TRUCKS TO THE REFINERY IN N'DJAMENA. THERE ARE RESERVATIONS ON THE PART OF THOSE INVOLVED CONCERNING THE TRANSPORTATION METHOD. THE CHADIAN GOVERNMENT IS EAGER TO SEE THIS UNIT PRODUCING AND HAS EXPRESSED DISSATISFACTION ON THE SLOW PROGRESS BEING MADE. DWYER

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Message Attributes

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